

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

\*OMB Waiver Letter In ERU File\*

JUL 1 1949

CONFIDENTIAL

Rear Admiral Roscoe H. Hillenkoetter  
Director  
Central Intelligence Agency  
Washington 25, D. C.

Dear Admiral Hillenkoetter:

In this letter, I am transmitting to you the policies and assumptions which the President has determined to govern the preparation of your budget estimates for the fiscal year 1951.

1. The price assumptions to be used in preparing budget estimates are: (a) prices will be at approximately the July 1949 level, (b) construction costs on new contracts will decline about 5 percent from the July 1949 level. (Agencies should be prepared to discuss at the time of their budget hearings, the effect of any price or cost trends which are contrary to these assumptions and which will affect their estimates.)

2. Estimates for 1951 should plan for operations at or below the 1950 appropriation level unless exceptional circumstances clearly make this impossible. Wherever possible, reductions should be made below the 1950 level, even where some reduction in service or increase in backlog is involved.

3. Expansion of existing activities or initiation of new activities should not be included, unless required by law or to meet urgent public needs. Estimates for existing activities should omit work of low priority and provide for the most efficient performance of necessary work.

4. Complete and firm estimates are to be submitted on or before September 15; token or preliminary estimates will not be acceptable. The budget submission should represent total requirements for the fiscal year 1951 under existing legislation, and clearly set forth all additional

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☒ It contains information of CIA  
interest that must remain  
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requirements for the fiscal year 1950. In addition, the submission should include a complete list of proposals for pending and new legislation which the agency recommends, showing as precisely as possible the estimated appropriations and expenditures which would be required under each proposal. After the President's budget has been determined, no consideration will be given to supplemental estimates for 1951 unless they represent requirements which could not have been foreseen at the time the Budget was prepared or are due to subsequent action by the Congress.

Sincerely yours,

(Signed) Frank Pace, Jr.

Director